

A G E N D A



Recommendation for Council Action (Purchasing)

Austin City Council

Item ID:

43193

Agenda Number

2.

Meeting Date:

April 16, 2015

Department:

Purchasing

Subject

Authorize award and execution of a contract with TEXAS AIRSYSTEMS, LLC. for the purchase of heat exchangers for Austin Energy in an amount not to exceed \$540,031.

Amount and Source of Funding

Funding is available in the Fiscal Year 2014-2015 Capital Budget of Austin Energy.

Fiscal Note

A fiscal note is attached.

Purchasing
Language:

Lowest bid meeting specification.

Prior Council
Action:



For More
Information:

Darralyn N. Johnson, Buyer II, 512-505-7293

Boards and
Commission
Action:

March 23, 2015 - Approved by the Electric Utility Commission on a vote of 6-0.

Related Items:

MBE / WBE:

This contract will be awarded in compliance with City Code Chapter 2-9D (Minority Owned and Women Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.

Additional Backup Information

This contract is for a one-time purchase and delivery of four heat exchangers for two new chilled water customer projects, one at the Fairmont Hotel and another at the office building located at 500 W. 2nd Street (Green Water Treatment Plant Redevelopment site). As part of the standard chilled water service agreement with these customers, Austin Energy is required to extend service from its existing chilled water piping to each customer's mechanical room which houses chilled water piping, heat exchangers, and flow, pressure, and temperature controls. More specifically, Austin Energy is required to supply and deliver two heat exchangers to each customer site for installation in their mechanical rooms while the buildings are under construction. The heat exchangers provide the interface between Austin Energy's Downtown District Cooling System and the customers' mechanical systems.

Austin Energy's On-Site Energy Resources, (OSER) constructs, maintains, and operates district energy stations or chiller plants. These stations transform electrical energy into thermal energy which is then distributed, via a network of underground pipes, to external customers in the form of chilled water and steam services. The aggregation of loads enables superior efficiencies, reliability, and quality when compared to stand-alone systems. The thermal storage elements within each station enable OSER to shift electrical consumption from on-peak to off-peak electrical periods.

In this region, 40-45% of the electricity consumed by a typical commercial building goes to powering its air conditioning system. Austin Energy owns and operates three district energy systems serving the Downtown Central Business District, the Domain, and Mueller. It currently has 61 customers—nearly 17 million square feet of space—connected to its district energy systems including residential towers, office buildings, hotels, the Austin Convention Center, and City Hall. The Downtown and Domain systems provide chilled water services only. Mueller Energy Center provides chilled water to neighboring buildings and chilled water, steam, and on-site generated electricity to the Dell Children's Medical Center.

The benefits of district energy to chilled water customers include reduced construction/capital costs, extraordinary reliability, and simple, low risk operations. Benefits to Austin Energy and the City of Austin include having a valuable tool for economic development, providing new revenue from long term service agreements, and advancement of environmental stewardship. Electric rate payers benefit from reduced regulatory charges due to the electric demand management provided by the district cooling system.

Two heat exchangers measuring approximately 8.5x4x18 feet will be installed at the Fairmont Hotel and two measuring 7x3x10 feet will go to the office building site. Delivery of these large pieces of equipment must be coordinated with the customers' construction teams to facilitate efficient installation. Austin Energy must deliver the equipment within the customers' requested time frame or their construction schedules could be impacted.

MBE/WBE solicited: 5/5

MBE/WBE bid: 0/2

BID TABULATION

IFB 1100 DNJ0110

Heat Exchangers

(2 line items - qty. 2 each)

<u>Vendor</u>	<u>Total Bid Amount</u>
Texas AirSystems, LLC. Austin, TX	\$540,031
FMW Distributors, Inc. (WBE) Montgomery, TX	\$588,496
Allstar Biz Group, LLC (WBE)	*

Austin, TX

- * Non-Responsive - Did not meet specifications as required by the solicitation for line item 2. Withdrew pricing on line item 1.

A complete bid tabulation is on file in the Purchasing Office and is on the City's Financial Services Austin Finance Online website at: http://ci.austin.tx.us/financeonline/vendor_connection/solicitation/search.cfm

PRICE ANALYSIS

- a. Adequate competition
- b. 93 notices were sent including five MBEs and five WBEs. Three bids were received including two WBEs. There was no response from the MBEs.
- c. Heat exchangers are purchased for specific sites with unique configurations and specifications. This is the first purchase for these locations; therefore, there is no pricing history available.

APPROVAL JUSTIFICATION

- a. Lowest responsive bid.
- b. The Purchasing Office concurs with the Austin Energy's recommended award.
- c. Advertised on the Internet.